

Fifty-fifth  
Legislative Assembly  
of North Dakota

## ENGROSSED HOUSE BILL NO. 1025

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the state water  
2 commission; to amend and reenact section 57-51.1-07 of the North Dakota Century Code,  
3 relating to allocation of the oil extraction tax development fund; to provide for payment in lieu of  
4 taxes; to provide for retroactive application; and to provide an effective date.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the  
7 funds as may be necessary, are hereby appropriated out of any moneys in the general fund in  
8 the state treasury, not otherwise appropriated, and from special funds derived from federal  
9 funds and other income, to the various divisions of the state water commission for the purpose  
10 of defraying the expenses of the various divisions, for the biennium beginning July 1, 1997, and  
11 ending June 30, 1999, as follows:

12 Salaries and wages	\$ 7,632,843
13 Operating expenses	9,527,402
14 Equipment	152,250
15 Capital improvements	32,800,000
16 Grants	10,384,663
17 Cooperative research	<u>3,050,000</u>
18 Total all funds	\$63,547,158
19 Less estimated income	<u>56,488,525</u>
20 Total general fund appropriation	\$ 7,058,633

21 **SECTION 2. RESOURCES TRUST FUND.** The amount of \$13,473,548, or so much of  
22 the funds as may be necessary, included in the estimated income line item in section 1 of this  
23 Act is from the resources trust fund for the biennium beginning July 1, 1997, and ending  
24 June 30, 1999.

1           **SECTION 3. ALLOCATION OF GRANT FUNDS.** The funds appropriated in the grants  
2 line item in section 1 of this Act must be disbursed by the state water commission in  
3 accordance with section 61-02-64.1.

4           **SECTION 4. GRANTS.** Section 54-44.1-11 does not apply to appropriations made for  
5 grants in this Act. However, this exclusion is only in effect for the two-year period immediately  
6 following June 30, 1999. Any unexpended funds after this period has expired must be  
7 transferred to the resources trust fund.

8           **SECTION 5. RESOURCES TRUST FUND APPROPRIATION - ADJUSTMENT.** If the  
9 resources trust fund 1997-99 revenues are in excess of \$13,473,548, any excess is hereby  
10 appropriated, subject to emergency commission approval, from the resources trust fund to the  
11 state water commission for the biennium beginning July 1, 1997, and ending June 30, 1999.

12           **SECTION 6. WATER USE FUND.** The estimated income line item included in  
13 section 1 of this Act includes \$30,000 that the state water commission may spend from the  
14 water use fund for the biennium beginning July 1, 1997, and ending June 30, 1999.

15           **SECTION 7. Payments in lieu of real estate taxes.** For land acquired for the Devils  
16 Lake project, the state water commission shall make payments in lieu of real estate taxes to the  
17 counties in which the property is located in the same manner and according to the same  
18 conditions and procedures as provided in chapter 57-02.1 for payments in lieu of real estate  
19 taxes by the state game and fish department.

20           **SECTION 8. Potential damage caused by construction of Devils Lake outlet.** The  
21 state engineer shall establish a baseline of existing conditions and assess, verify, and quantify  
22 potential damage to downstream landowners and property caused by construction of an outlet  
23 from Devils Lake to the Sheyenne River. In doing so, the state engineer shall consider clearing  
24 and snagging operations, damage to basic infrastructure such as roads, culverts, and bridges  
25 caused by riverbank erosion and flooding, increased water treatment costs, and any other  
26 potential damage that may be of concern to downstream landowners. The sum of one hundred  
27 thousand dollars, or so much of the sum as may be necessary, from special and other funds  
28 that may be available to the state water commission, as provided in section 1 of this Act, may  
29 be used to defray the costs of this effort.

30           **SECTION 9. LEGISLATIVE INTENT - RESOURCES TRUST FUND USES.** It is the  
31 intent of the fifty-fifth legislative assembly that the amount of \$13,473,548 from the resources

1 trust fund, as included in the estimated income line item in section 1 of this Act, be used for the  
2 following:

3 Project contracts entered into prior	\$ 2,000,000
4 to July 1, 1997	
5 General projects	1,182,663
6 Devils Lake	2,000,000
7 Nesson valley irrigation	1,000,000
8 Maple River flood control	2,000,000
9 Northwest area water supply	50,000
10 Southwest pipeline project	2,600,000
11 Agency operations	1,985,885
12 Hydrologic studies	<u>655,000</u>
13 Total	\$13,473,548

14 **SECTION 10. AMENDMENT.** Section 57-51.1-07 of the 1995 Supplement to the North  
15 Dakota Century Code is amended and reenacted as follows:

16 **57-51.1-07. ~~(Effective through June 30, 1997)~~ Allocation of moneys in oil**

17 **extraction tax development fund.** Moneys deposited in the oil extraction tax development  
18 fund must be apportioned quarterly by the state treasurer as follows:

- 19 1. Twenty percent must be allocated and credited to the sinking fund established for  
20 payment of the state of North Dakota water development bonds, southwest  
21 pipeline series, and any moneys in excess of the sum necessary to maintain the  
22 accounts within the sinking fund and for the payment of principal and interest on  
23 the bonds, must be credited to a special trust fund, to be known as the resources  
24 trust fund. The resources trust fund must be established in the state treasury and  
25 the funds therein must be deposited and invested as are other state funds to earn  
26 the maximum amount permitted by law which income must be deposited in the  
27 resources trust fund. The principal and income of the resources trust fund may be  
28 expended only pursuant to legislative appropriation and are available to:
- 29 a. The state water commission for planning for and construction of water-related  
30 projects, including rural water systems. These water-related projects must be

those which the state water commission has the authority to undertake and construct pursuant to chapter 61-02; and

- b. The industrial commission for the funding of programs for development of energy conservation and renewable energy sources; for studies for development of cogeneration systems that increase the capacity of a system to produce more than one kind of energy from the same fuel; for studies for development of waste products utilization; and for the making of grants and loans in connection therewith.

2. Twenty percent must be allocated as provided in section 24 of article X of the Constitution of North Dakota.

3. Sixty percent must be allocated and credited to the state's general fund for general state purposes.

**(Effective July 1, 1997) Allocation of moneys in oil extraction tax development**

**fund.** Moneys deposited in the oil extraction tax development fund must be apportioned quarterly by the state treasurer as follows:

4. Ten percent must be allocated and credited to the sinking fund established for payment of the state of North Dakota water development bonds, southwest pipeline series, and any moneys in excess of the sum necessary to maintain the accounts within the sinking fund and for the payment of principal and interest on the bonds, must be credited to a special trust fund, to be known as the resources trust fund. The resources trust fund must be established in the state treasury and the funds therein must be deposited and invested as are other state funds to earn the maximum amount permitted by law which income must be deposited in the resources trust fund. The principal and income of the resources trust fund may be expended only pursuant to legislative appropriation and are available to:
- a. The state water commission for planning for and construction of water-related projects, including rural water systems. These water-related projects must be those which the state water commission has the authority to undertake and construct pursuant to chapter 61-02; and
- b. The industrial commission for the funding of programs for development of energy conservation and renewable energy sources; for studies for

1                   ~~development of cogeneration systems that increase the capacity of a system~~  
2                   ~~to produce more than one kind of energy from the same fuel; for studies for~~  
3                   ~~development of waste products utilization; and for the making of grants and~~  
4                   ~~loans in connection therewith.~~

5           2.   ~~Twenty percent must be allocated as provided in article X, section 24, of the~~  
6           ~~Constitution of North Dakota.~~

7           3.   ~~Seventy percent must be allocated and credited to the state's general fund for~~  
8           ~~general state purposes.~~

9           **SECTION 11. RETROACTIVE APPLICATION.** Section 7 of this Act is retroactive in  
10 application to January 1, 1996.